

ARRA FUNDS



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- The Recovery Accountability & Transparency Board informed us that a company accepted NSF/ARRA funds while under a FAR-based Notice of Proposed Debarment (“Notice”) from another federal agency.
- In February 2009, Naughty Company (NC) submitted a proposal to NSF.
- NC received the Notice in May 2009, making it an excluded party, and prohibited from receiving federal awards or contracts.

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- Under regulation, NC had an ongoing duty to “provide immediate written notice to” NSF, if NC learned that “its submission [stating that not suspended, under notice of proposed debarment, or debarred] was erroneous . . . **or has become erroneous by reason of changed circumstances.**” 2 C.F.R. § 180.350(b).
- NC did not do so.
- In June 2009, NC accepted the NSF Small Business Technology Transfer (STTR) award.
- In July 2009, drew down, and spent \$100K of the \$150K award.

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- We recommended that NSF terminate the award; NSF agreed, safeguarding the remaining \$50K.
- Since NC refused to return the wrongly received funds to NSF, we referred the matter to an AUSA to be added to an ongoing case against NC for misuse of other federal award funds.
- When settlement seemed impossible, we recommended that NSF debar NC and its sister companies.
- So what happened...